

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG BEAR)	
WASTEWATER, INC. FOR AN ADJUSTMENT)	
OF RATES PURSUANT TO THE ALTERNATIVE)	CASE NO. 97-245
RATE FILING PROCEDURE FOR SMALL)	
UTILITIES)	

O R D E R

On May 7, 1997, Big Bear Wastewater, Inc. ("Big Bear") applied for Commission approval of a proposed increase in its rate for sewer service. The proposed rate for sewer service would generate additional annual revenues of \$10,769, an increase of 68.1 percent over normalized test-year sewer revenues.

Based upon its review of Big Bear's application and response to the Commission's Order of October 30, 1997, Commission Staff on February 11, 1998, issued a report on the proposed rates. In its report, Commission Staff found that, based upon Big Bear's normalized operations for the 1996 calendar year, Big Bear requires annual revenues of \$21,211 to meet its reasonable operating expenses and provide for a reasonable equity growth. It further found that Big Bear's existing rate will generate annual revenues of \$15,819 and that the utility requires additional revenue of \$5,392. Commission Staff recommended that Big Bear's monthly rate for sewer service be increased to \$29.50 per unit.

On February 11, 1998, the Commission served a copy of the Commission's Staff Report on all parties and directed them to make any request for a hearing in this matter

by February 21, 1998. Big Bear initially requested a hearing, but subsequently withdrew that request. The Dens Condominium Association, which had previously moved for a hearing in this matter, also withdrew its request for a hearing. As no party desires a hearing, this matter stands submitted for decision.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. A monthly rate of \$29.50 per unit is the fair, just, and reasonable rate for Big Bear and will produce gross annual revenues of \$21,211. This rate will allow Big Bear sufficient revenues to meet its operating expenses, and provide for future equity growth, including provisions for servicing its debt.

3. The rate proposed by Big Bear would produce revenue increases in excess of that found reasonable herein and should be denied.

IT IS THEREFORE ORDERED that:

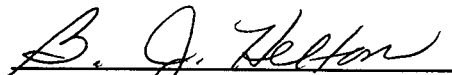
1. The rate proposed by Big Bear in its application is denied.

2. A monthly rate of \$29.50 per unit is approved for service rendered by Big Bear on and after the date of this Order.

3. Within 30 days of the date of this Order, Big Bear shall file with the Commission its revised tariff setting out the rate approved herein.

Done at Frankfort, Kentucky, this 6th day of March, 1998.

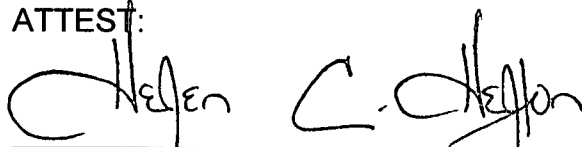
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director